

**DBEDT**  
THE DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM  
STATE OF HAWAII



# ***QUARTERLY STATISTICAL & ECONOMIC REPORT, Executive Summary December 2002***

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This *Quarterly Statistical and Economic Report* has been prepared by the staff of the Research and Economic Analysis Division of the State Department of Business, Economic Development & Tourism (DBEDT). The report provides concise statistical information and analyses on Employment, Income and Prices, Taxes, Tourism, and Construction, as well as an overview of the State of Hawaii and the four counties.

This report was prepared under the direction of the division administrator, Dr. Pearl Imada Iboshi.

Technical notes and source descriptions have been kept to a minimum. However, the staff of the Research and Economic Analysis Division would be happy to respond to any inquiries of a technical nature that readers may have (586-2466). The quarterly information contained in this report reflects data received by the Research Division on or before December 6, 2002.

#### On-line availability of *Quarterly Statistical and Economic Report*

Since 1988, the Hawaii Department of Business, Economic Development & Tourism has had the *State of Hawaii Data Book* available on-line to anyone with a personal computer and a modem. Since 1997, the *Quarterly Statistical and Economic Report*, *State of Hawaii Data Book* and other DBEDT publications and information have been made available over the Internet at <http://www.hawaii.gov/dbedt/index.html>.

Beginning in March 2000, the printing of the entire *QSER* had been discontinued. The full version will be available on-line at <http://www.hawaii.gov/dbedt/qser/index.html> and a *QSER Executive Summary* at <http://www.hawaii.gov/dbedt/latest.html> and is available on request by fax or e-mail.

For further information about available data and sources, users should call the Research and Economic Analysis Division Library at (808) 586-2424.

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## STATE OF THE ECONOMY

Economic data show that Hawaii is continuing to recover from the trials of the past year, but it is not yet over the hump. Based on year-over-year growth rates for the third quarter 2002, Hawaii is improving in terms of planned and completed construction, general fund tax revenues, and visitor arrivals compared to the growth rates for the third quarter of 2001. However, the third quarter 2002 growth rates for labor force, civilian employment, wage and salary jobs, and income tax collections are down from their third quarter 2001 levels.

Hawaii's labor force and civilian employment were both down in the third quarter of 2002, 1.7 percent and 1.4 percent respectively. This is the second straight quarterly decline for each. On average, for the third quarter, 570,500 people were employed in Hawaii, 8,000 fewer than the year before. The unemployment rate was down in the third quarter of 2002 from 4.6 to 4.3 percent in the same period 2001.

The number of wage and salary jobs was down 1.0 percent measured year-to-year for the third quarter. Three industries continue to account for most of the job losses: Transportation, Retail Trade, and Hotel jobs. These amounted to 9.9 percent, 3.3 percent and 5.4 percent decreases in those industries. Increases were seen in Construction (4.9 percent); Finance, Insurance and Real Estate; (0.9 percent); Health Services (2.3 percent); Business Services (1.4 percent); Agriculture (8.8 percent) and Government (1.8 percent).

Nominal personal income rose 3.9 percent in the second quarter of 2002 compared to the second quarter of 2001, the period for which the most recent data are available. Transfer payments showed the

highest rate of increase (8.8 percent) followed by other labor income (8.7 percent), wages and salaries (3.3 percent), proprietors' income (2.8 percent) and dividends, interest, and rent (1.6 percent). Most industries saw year-to-year quarterly increases in earnings with the exception of Manufacturing, Transportation and Public Utilities, and Retail Trade.

Tax revenues distributed to the State general fund were up 4.0 percent for the third quarter of 2002 compared to 2001. The general excise and use tax (GET) revenues increased by 16.4 percent in the third quarter of 2002. Transient Accommodations Tax (TAT) revenues increased 7.3 percent. Revenues from the individual income tax decreased 8.0 percent over the third quarter's 2001 to 2002 period.

The number of visitors arriving by air increased 2.4 percent comparing the third quarter of 2001 to that in 2002. This is the first positive year-over-year quarterly growth in total visitor arrivals since the fourth quarter of 2000. Average daily visitor census numbers increased 6.3 percent in the third quarter. Hotel occupancy rates were also up, increasing from 70.3 percent in the third quarter of 2001 to 72.4 percent in the third quarter of 2002.

Hawaii construction industry activity continued to grow in the third quarter of 2002. The contracting tax base increased by 35.9 percent while total private authorizations increased 18.2 percent. As previously mentioned, construction jobs were up 4.9 percent.

Hawaii bankruptcy filings decreased by 4.8 percent in the third quarter of 2002. U.S. filings were at record numbers.

## OUTLOOK FOR THE ECONOMY

At the end of the third quarter of 2002, the year-to-date indicators of the State of Hawaii's economy continued to be generally positive. Visitor arrivals continue to climb back toward pre-2001 levels, tax revenues are improving, and construction and home sales remain strong. These hopeful signs must, however, be weighed in conjunction with the sluggish conditions prevailing in the Mainland and Japan economies.

This set of Hawaii forecasts attempts to recognize current security uncertainties and concerns, but it was assumed that no new catastrophic event will occur to further retard the economic recovery.

Hawaii's recovery is expected to be related to the recovery of its visitor markets and of U. S. and international economic performance. The consensus projections of U.S. economic performance have continued to weaken during the last few months. The Blue Chip Economic Forecast, which is based on an average of 50 major U.S. forecasts, adjusted the forecast for growth in real U.S. GDP in 2002 downward in August from 2.8 percent to 2.3 percent and has maintained it at the 2.3 to 2.4 percent level through November. The Blue Chip Forecast for real U.S. GDP in 2003 has been reduced even more severely from 3.6 percent in July to 2.8 percent in November.

Expectations are for Japan's economy to remain weak. Japan's real GDP declined at a 0.2 percent rate in 2001. For 2002, the Blue Chip Forecast expects Japan's economy to show a further 0.7 percent decline in GDP recovering to a 0.9 percent increase in real GDP in 2003.

Even in light of slowing economic conditions, Hawaii visitor counts are expected to improve. In 2002, total visitor arrivals are predicted to grow 1.8 percent and visitor expenditures are forecast to increase 2.2 percent from their depressed state during 2001. The positive growth in visitor arrivals comes from the strong recovery of tourism from the Western U.S. Mainland offsetting reduced levels of visitors from Japan. Visitor arrivals are projected to approach 2000 levels in 2003 with a further 6.1 percent increase over 2002 and then return to their historical growth range of 2.1 to 2.5 percent per year in the 2004-2005 period.

Total wage and salary jobs in the State are now expected to finish 2002 at 0.5 percent below the 2001 total. This a reduction from the previous quarter's projection based on a weaker than expected third quarter employment rebound. Job growth is expected to be positive again in 2003 with a 1.6 percent growth rate.

After inflation, real personal income is forecast to show a 2.5 percent increase in 2002 and a 2.4 percent increase in 2003. This projection is up from the September forecast in response to a higher than expected second quarter estimate reported by the Bureau of Economic Analysis.

Honolulu's CPI is projected to remain low with a 1.2 percent increase in 2002 climbing to a 1.7 percent inflation rate in 2003. The projection for 2003 has been increased from the second quarter projection, because national price projections by Blue Chip and Anderson UCLA have been raised in recent months.

**ACTUAL AND FORECAST KEY ECONOMIC INDICATORS FOR HAWAII:  
2000 TO 2005**

<b>Economic Indicators</b>	<b>2000 (Actual)</b>	<b>2001 (Actual)</b>	<b>2002 (Forecast)</b>	<b>2003 (Forecast)</b>	<b>2004 (Forecast)</b>	<b>2005 (Forecast)</b>
Total population (thousands)	1,212.3	1,224.4	1,236.6	1,249.0	1,261.5	1,274.1
Visitor arrivals (thousands)	6,948.6	6,303.8	6,417.3	6,808.7	6,978.9	7,125.5
Visitor expenditures (million dollars)	10,918.1	10,121.2	10,343.9	11,130.0	11,552.9	11,957.3
Honolulu CPI-U (1982-84=100)	176.3	178.4	180.5	183.7	187.2	190.7
Personal income (million dollars)	34,308.2	35,509.6	36,850.5	38,410.4	39,862.5	41,377.2
Real personal income (\$1996 million)	33,218.4	33,976.9	34,841.9	35,694.4	36,353.6	37,031.9
Total wage & salary jobs (thousands)	559.2	561.0	558.3	567.2	576.3	585.5
Gross state product (million dollars)	42,364.0	43,973.8 p	45,732.8	47,653.6	49,709.9	51,797.7
Real gross state product (\$1996 million)	38,582.9	39,034.1 p	39,838.6	40,674.5	41,457.4	42,208.7
Gross state product deflator (1996=100)	109.8	112.7 p	114.8	117.2	119.9	122.7
<b>Annual Percentage Change</b>						
Total population	0.2	1.0	1.0	1.0	1.0	1.0
Visitor arrivals	3.1	-9.3	1.8	6.1	2.5	2.1
Visitor expenditures	6.2	-7.3	2.2	7.6	3.8	3.5
Honolulu CPI-U	1.7	1.2	1.2	1.7	1.9	1.9
Personal income	5.3	3.5	3.8	4.2	3.8	3.8
Real personal income	3.5	2.3	2.5	2.4	1.8	1.9
Total wage & salary jobs	3.0	0.3	-0.5	1.6	1.6	1.6
Gross state product	4.6	3.8 p	4.0	4.2	4.3	4.2
Real gross state product	1.9	1.2 p	2.1	2.1	1.9	1.8
Gross state product deflator	2.7	2.6 p	1.9	2.1	2.3	2.3

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Source: Hawaii State Department of Business, Economic Development & Tourism, December 13, 2002.

## COUNTY ECONOMIC CONDITIONS

In the third quarter of 2002, the four counties showed some similarities related to their labor force and employment condition, but notable differences occurred with respect to job gains and losses by industry, visitor arrivals, and transient accommodations tax collections.

Among the general similarities is the ongoing labor force decline in all four counties. For the third quarter 2002 over the third quarter of 2001, the drop in Kauai County is the most pronounced at 2.5 percent (Table 5) followed by the City and County of Honolulu with a labor force decline of 1.9 percent (Table 2). The number of persons in the labor force in Hawaii County decreased by 1.4 percent (Table 3) and Maui County's labor force decreased by 0.4 percent (Table 4).

Civilian employment also remains down in all four counties in the third quarter of 2002. Employment declined the most on Oahu with a 1.8 percent decrease. Civilian employment showed more moderate declines in the other three counties in the third quarter falling by 0.9 percent in Kauai County, by .5 percent in Hawaii County and by 0.4 percent in Maui County.

The counties, like the state, all have higher unemployment rates in the third quarter of 2002 than they did in the third quarter of 2001. Unemployment was up significantly in Maui County, 1.7 percentage points to 6.4 percent. The other three counties' rates were up more moderately: Honolulu up 0.7 percentage points to 4.8 percent, Kauai County's rate up 0.5 percent to 7.0 percent, and Hawaii County's rate up 0.3 percent to 6.8 percent.

The counties are on different paths when it comes to job growth. Hawaii County has 300 more jobs in the third quarter of 2002 than it did in the third quarter of 2001. That is an increase of 0.5 percent. Increases in Construction, State government, FIRE, Health Services and Agriculture more than offset a large decline in Hotel jobs. Uniquely among the counties, Hawaii County had more Retail jobs than it did in the third quarter of 2001. Kauai County also saw an increase in total jobs. It was up 0.2 percent or 50 jobs. Construction, State and Local Government and Health Services gained more than was lost in Retail and Hotels.

Maui County was down about 250 jobs or 0.4 percent in the third quarter. Agriculture, Construction, S&L Government, and Health Services stayed positive for Maui. The City and County of Honolulu remains the hardest hit by the tourism slowdown losing almost 5800 jobs mostly in the Transportation, Retail and Hotel industries.

Visitor arrivals by air were above their third quarter 2001 levels in all counties except Honolulu during the third quarter of 2002. Arrivals increased Maui, Hawaii, and Kauai Counties (10.1, 4.1, and 0.9 percent respectively) and declined in the City and County of Honolulu (0.9 percent). Hotel occupancy rates were up in all counties.

General excise tax revenue growth was positive in all counties lead by the City and County of Honolulu at 18.1 percent. It should be noted, however, that the GET is reported by company headquarters and may not reflect economic activity in the county. Individual income tax collections were negative in all counties. The transient accommodations tax was up in all counties except Hawaii.

**Table 1. 2002 SELECTED ECONOMIC ACTIVITIES: STATE OF HAWAII**

SERIES	UNIT	3rd QUARTER 2002		YEAR TO DATE	
		NUMBER	% CHANGE YEAR AGO	NUMBER	% CHANGE YEAR AGO
Civilian labor force 1/	Persons	596,300	-1.7	599,250	-0.8
Civilian employment	Persons	570,500	-1.4	572,700	-0.8
Civilian unemployment	Persons	25,800	-7.5	26,550	-0.4
Unemployment rate 2/	%	4.3	-0.3	4.4	0.0
Total wage & salary jobs 1/	Jobs	553,300	-1.0	556,100	-1.0
Total non-agric. wage & salary jobs	Jobs	545,250	-1.2	548,450	-1.1
Contract construction	Jobs	24,700	4.9	24,400	3.2
Manufacturing	Jobs	17,600	-2.2	17,650	-1.7
Transport., comm., utilities	Jobs	38,950	-8.6	38,850	-9.4
Trade	Jobs	132,700	-3.0	132,400	-3.4
Retail	Jobs	112,050	-3.3	112,000	-3.6
Finance, insur., & real estate	Jobs	33,150	0.9	33,000	1.1
Services & miscellaneous	Jobs	185,900	-0.9	185,050	-0.9
Hotels	Jobs	36,950	-5.4	36,850	-6.1
Health	Jobs	38,200	2.3	37,950	2.4
Business	Jobs	32,050	1.4	31,750	1.8
Government	Jobs	112,350	1.8	117,100	2.9
Federal	Jobs	30,450	1.0	30,100	-0.2
State	Jobs	64,600	2.5	70,050	4.8
Local	Jobs	17,300	0.9	16,950	1.5
Agriculture wage & salary jobs 1/	Jobs	8,050	8.8	7,700	5.5
State general fund revenues	\$1,000	820,290	4.0	2,340,010	-3.8
General excise and use tax revenues	\$1,000	473,241	16.4	1,269,499	1.5
Income-individual	\$1,000	266,331	-8.0	787,749	-6.2
Declaration of estimated taxes	\$1,000	37,421	-9.1	170,296	-12.5
Payment with returns	\$1,000	8,195	-2.1	101,846	7.5
Withholding tax on wages	\$1,000	251,738	-2.9	770,874	-0.8
Refunds	\$1,000	31,023	59.8	255,267	12.7
Transient accommodations tax	\$1,000	48,199	7.3	124,883	-9.9
Visitor arrivals by air	Persons	1,686,817	2.4	4,794,721	-4.8
Domestic flight visitors	Persons	1,165,399	6.8	3,318,131	0.5
International flight visitors	Persons	521,418	-6.2	1,476,590	-14.9
Hotel occupancy rates 2/	%	72.4	2.1	70.2	-3.7

1/ Labor force and jobs are based on monthly rounded data. Labor force data were rebenchmarked in April 2000.

2/ Change represents absolute change in rates rather than percentage change in rates

Source: Hawaii State Department of Labor & Industrial Relations; Hawaii State Department of Taxation  
Hawaii Visitors & Convention Bureau; and Smith Travel Research, PricewaterhouseCoopers LLP. Compiled by  
Hawaii State Department of Business, Economic Development & Tourism.

**Table 2. 2002 SELECTED ECONOMIC ACTIVITIES:  
CITY AND COUNTY OF HONOLULU**

SERIES	UNIT	3RD QUARTER 2002		YEAR TO DATE	
		NUMBER	% CHANGE YEAR AGO	NUMBER	% CHANGE YEAR AGO
Civilian labor force 1/	Persons	420,550	-1.9	424,550	-0.8
Civilian employment	Persons	404,100	-1.8	407,350	-1.1
Civilian unemployment	Persons	16,400	-5.7	17,200	5.5
Unemployment rate 2/	%	4.8	0.7	4.1	0.2
Total wage & salary jobs 1/	Jobs	405,750	-1.4	409,150	-1.4
Total non-agric. wage & salary jobs	Jobs	403,450	-1.4	406,950	-1.3
Contract construction	Jobs	17,050	3.0	17,050	2.1
Manufacturing	Jobs	13,800	-2.1	13,850	-1.4
Transport., comm., utilities	Jobs	30,000	-10.6	29,850	-11.4
Trade	Jobs	94,850	-3.5	94,700	-3.7
Retail	Jobs	78,450	-3.8	78,500	-3.9
Finance, insur., & real estate	Jobs	26,750	0.6	26,700	0.8
Services & miscellaneous	Jobs	132,200	-0.3	131,500	-0.7
Hotels	Jobs	15,300	-6.7	15,100	-8.5
Health	Jobs	30,650	1.8	30,450	1.7
Business	Jobs	27,050	2.1	26,850	2.1
Government	Jobs	88,750	1.3	93,300	2.8
Federal	Jobs	28,500	1.1	28,150	-0.4
State	Jobs	48,650	2.0	53,600	4.8
Local	Jobs	11,600	-0.9	11,500	0.9
Agriculture wage & salary jobs 1/	Jobs	2,300	-2.1	2,200	-6.4
General excise and use tax revenues	\$1,000	390,063	18.1	1,035,303	1.5
Income-individual	\$1,000	229,874	-8.1	693,547	-4.5
Declaration of estimated taxes	\$1,000	26,197	-14.4	120,061	-16.5
Payment with returns	\$1,000	6,234	0.8	84,028	18.3
Withholding tax on wages	\$1,000	220,994	-2.9	679,567	-0.3
Refunds	\$1,000	23,550	67.8	190,108	12.1
Transient accommodations tax	\$1,000	35,837	6.7	90,990	-12.6
Visitor arrivals by air	Persons	1,116,706	-0.9	3,177,244	-7.2
Domestic flight visitors	Persons	635,188	2.5	1,850,970	-0.1
International flight visitors	Persons	481,517	-5.1	1,326,273	-15.4
Hotel occupancy rates 2/	%	71.6	2.2	70.1	-3.1

1/ Labor force and jobs are based on monthly rounded data. Labor force data were rebenchmarked in April 2002.

2/ Change represents absolute change in rates rather than percentage change in rates.

Source: Hawaii State Department of Labor & Industrial Relations; Hawaii State Department of Taxation; Hawaii Visitors & Convention Bureau; and Smith Travel Research, PricewaterhouseCoopers LLP. Compiled by Hawaii State Department of Business, Economic Development & Tourism.



**Table 3. 2002 SELECTED ECONOMIC ACTIVITIES: HAWAII COUNTY**

SERIES	UNIT	3RD QUARTER 2002		YEAR TO DATE	
		NUMBER	% CHANGE YEAR AGO	NUMBER	% CHANGE YEAR AGO
Civilian labor force 1/	Persons	71,750	-1.4	71,300	-1.1
Civilian employment	Persons	67,300	-0.5	67,000	-0.1
Civilian unemployment	Persons	4,450	-12.7	4,300	-14.0
Unemployment rate 2/	%	6.8	0.3	6.0	-0.9
Total wage & salary jobs 1/	Jobs	57,200	0.5	57,050	0.4
Total non-agric. wage & salary jobs	Jobs	54,600	0.4	54,550	0.6
Contract construction	Jobs	3,400	9.7	3,200	4.9
Manufacturing	Jobs	1,600	-3.0	1,600	0.0
Transport., comm., utilities	Jobs	2,750	-1.8	2,750	-3.5
Trade	Jobs	13,650	0.0	13,500	-1.1
Retail	Jobs	11,450	0.4	11,300	-1.3
Finance, insur., & real estate	Jobs	2,450	8.9	2,350	4.4
Services & miscellaneous	Jobs	19,750	-2.5	19,750	-1.3
Hotels	Jobs	6,850	-5.5	6,900	-4.2
Health	Jobs	3,300	4.8	3,300	8.2
Business	Jobs	2,200	0.0	2,150	2.4
Government	Jobs	11,000	2.3	11,350	3.7
Federal	Jobs	1,000	0.0	1,050	5.0
State	Jobs	7,700	4.1	8,050	4.5
Local	Jobs	2,350	2.2	2,300	2.2
Agriculture wage & salary jobs 1/	Jobs	2,600	4.0	2,500	-3.8
General excise and use tax revenues	\$1,000	32,221	10.9	92,094	3.5
Income-individual	\$1,000	14,709	-8.8	41,400	-13.8
Declaration of estimated taxes	\$1,000	3,597	-14.2	19,011	-5.7
Payment with returns	\$1,000	764	3.0	7,371	-20.9
Withholding tax on wages	\$1,000	12,955	-2.0	39,444	-1.1
Refunds	\$1,000	2,608	28.3	24,426	14.5
Transient accommodations tax	\$1,000	2,434	-9.0	8,030	-6.0
Visitor arrivals by air	Persons	317,974	4.1	922,223	-0.9
Domestic flight visitors	Persons	234,902	6.2	689,118	2.1
International flight visitors	Persons	83,072	-1.3	233,105	-9.0
Hotel occupancy rates 2/	%	65.2	1.2	63.2	-4.6

1/ Labor force and jobs are based on monthly rounded data. Labor force data were rebenchmarked in April 2002.

2/ Change represents absolute change in rates rather than percentage change in rates.

Source: Hawaii State Department of Labor & Industrial Relations; Hawaii State Department of Taxation; Hawaii Visitors & Convention Bureau; and Smith Travel Research, PricewaterhouseCoopers LLP. Compiled by Hawaii State Department of Business, Economic Development & Tourism.

**Table 4. 2002 SELECTED ECONOMIC ACTIVITIES: MAUI COUNTY**

SERIES	UNIT	3RD QUARTER 2002		YEAR TO DATE	
		NUMBER	% CHANGE YEAR AGO	NUMBER	% CHANGE YEAR AGO
Civilian labor force 1/	Persons	74,650	-0.4	74,200	0.2
Civilian employment	Persons	71,300	-0.4	70,800	-0.1
Civilian unemployment	Persons	3,400	1.5	3,400	6.3
Unemployment rate 2/	%	6.4	1.7	4.6	0.3
Total wage & salary jobs 1/	Jobs	63,750	-0.4	63,550	-0.5
Total non-agric. wage & salary jobs	Jobs	61,250	-1.3	61,200	-1.5
Contract construction	Jobs	3,100	6.9	3,100	6.9
Manufacturing	Jobs	1,750	-2.8	1,750	-2.8
Transport., comm., utilities	Jobs	4,400	-2.2	4,400	-3.3
Trade	Jobs	16,900	-3.2	16,900	-4.0
Retail	Jobs	15,450	-3.4	15,500	-4.0
Finance, insur., & real estate	Jobs	2,800	-1.8	2,800	0.0
Services & miscellaneous	Jobs	23,950	-2.8	23,950	-2.6
Hotels	Jobs	10,950	-5.2	11,050	-5.2
Health	Jobs	2,600	4.0	2,550	2.0
Business	Jobs	2,150	-4.4	2,150	0.0
Government	Jobs	8,400	5.7	8,250	4.4
Federal	Jobs	550	0.0	550	0.0
State	Jobs	5,650	5.6	5,700	5.6
Local	Jobs	2,150	4.9	2,000	2.6
Agriculture wage & salary jobs 1/	Jobs	2,500	28.2	2,350	34.3
General excise and use tax revenues	\$1,000	37,453	7.4	104,201	-1.3
Income-individual	\$1,000	16,526	-1.7	39,934	-13.6
Declaration of estimated taxes	\$1,000	6,009	28.4	23,337	5.1
Payment with returns	\$1,000	841	-17.5	7,460	-15.8
Withholding tax on wages	\$1,000	13,239	-2.8	38,637	-5.6
Refunds	\$1,000	3,562	42.0	29,500	14.5
Transient accommodations tax	\$1,000	7,629	19.1	19,170	-4.4
Visitor arrivals by air 3/	Persons	593,191	10.1	1,648,394	-1.8
Domestic flight visitors	Persons	492,623	11.6	1,356,772	1.9
International flight visitors	Persons	100,568	3.4	291,622	-16.3
Hotel occupancy rates 2/ 3/	%	74.9	1.9	73.6	-3.8

1/ Labor force and jobs are based on monthly rounded data. Labor force data were rebenchmarked in April 2001.

2/ Change represents absolute change in rates rather than percentage change in rates

3/ Data represent Maui Island only.

Source: Hawaii State Department of Labor & Industrial Relations; Hawaii State Department of Taxation  
Hawaii Visitors & Convention Bureau; and Smith Travel Research, PricewaterhouseCoopers LLP. Compiled by  
Hawaii State Department of Business, Economic Development & Tourism.

**Table 5. 2002 SELECTED ECONOMIC ACTIVITIES: KAUAI COUNTY**

SERIES	UNIT	3RD QUARTER 2002		YEAR TO DATE	
		NUMBER	% CHANGE YEAR AGO	NUMBER	% CHANGE YEAR AGO
Civilian labor force 1/	Persons	29,300	-2.5	29,150	-2.0
Civilian employment	Persons	27,750	-0.9	27,550	-0.4
Civilian unemployment	Persons	1,500	-26.8	1,650	-21.4
Unemployment rate 2/	%	7.0	0.5	5.7	-1.4
Total wage & salary jobs 1/	Jobs	26,600	0.2	26,350	-0.2
Total non-agric. wage & salary jobs	Jobs	25,950	0.2	25,750	0.0
Contract construction	Jobs	1,150	9.5	1,100	10.0
Manufacturing	Jobs	450	0.0	450	0.0
Transport., comm., utilities	Jobs	1,800	0.0	1,800	0.0
Trade	Jobs	7,250	-2.7	7,250	-2.7
Retail	Jobs	6,700	-3.6	6,750	-2.9
Finance, insur., & real estate	Jobs	1,150	0.0	1,150	4.5
Services & miscellaneous	Jobs	9,950	0.0	9,800	-0.5
Hotels	Jobs	3,850	-1.3	3,750	-3.8
Health	Jobs	1,600	3.2	1,600	3.2
Business	Jobs	650	0.0	650	0.0
Government	Jobs	4,200	2.4	4,200	2.4
Federal	Jobs	400	0.0	400	0.0
State	Jobs	2,600	2.0	2,700	1.9
Local	Jobs	1,200	4.3	1,150	4.5
Agriculture wage & salary jobs 1/	Jobs	650	0.0	650	0.0
General excise and use tax revenues	\$1,000	13,504	8.8	37,901	4.7
Income-individual	\$1,000	5,221	-16.5	12,868	-31.4
Declaration estimated taxes	\$1,000	1,618	-3.2	7,887	-6.7
Payment with returns	\$1,000	356	-16.9	2,987	-46.1
With holding tax on wages	\$1,000	4,550	-9.0	13,226	-9.9
Refunds	\$1,000	1,303	54.2	11,233	13.3
Transient accommodations tax	\$1,000	2,299	2.8	6,693	14.3
Visitor arrivals by air	Persons	272,887	0.8	758,992	-4.5
Domestic flight visitors	Persons	237,670	5.0	647,927	-0.6
International flight visitors	Persons	35,217	-20.5	111,065	-22.3
Hotel occupancy rates 2/	%	79.8	3.9	72.1	-1.0

1/ Labor force and jobs are based on monthly rounded data. Labor force data were rebenchmarked in April 2002.

2/ Change represents absolute change in rates rather than percentage change in rates.

Source: Hawaii State Department of Labor & Industrial Relations; Hawaii State Department of Taxation; Hawaii Visitors & Convention Bureau; and Smith Travel Research, PricewaterhouseCoopers LLP. Compiled by Hawaii State Department of Business, Economic Development & Tourism.

## A. LABOR FORCE AND JOBS

Hawaii's civilian employment declined by 1.4 percent in the third quarter of 2002 from the third quarter of 2001 (Table A-2) or about 8,000 fewer persons employed. This third quarter decline followed a 1.0 percent decline in the second quarter of 2002. Hawaii's civilian employment is now at the same level it was in the third quarter of 2000.

Civilian labor force was also down, decreasing by 1.7 percent or 10,150 persons over the third quarter of 2001 (Table A-1). This was the second quarterly decrease in Hawaii's labor force. It is possible that part of the labor force increase observed during 2001 was related to Federal Welfare Reform. In November 2001, the 60-month limit on welfare benefits expired for those people who were receiving benefits at the December 1996 effective date of the reform program. Several thousand Hawaii residents would have been required to enter the labor force in advance of November 2001.

The number of unemployed was 2,100 or 7.5 percent fewer than the third quarter of 2001 (Table A-3). As a result of the number of unemployed declining by a greater percentage than the decline in the labor force, the unemployment rate declined from 4.6 percent to 4.3 percent from the third quarter of 2001 to the third quarter 2002 (Table A-4).

Total wage and salary jobs were down 1.0 percent measured year-to-year for the third quarter (Table A-5). The same three

industries that have accounted for most of the job losses since September 2001 continue to lead the overall decline in jobs. Between the third quarters of 2002 and 2001, Retail Trade is down 3,850 jobs (Table A-12), Transportation is down 3,250 jobs (Table A-9), and Hotel jobs are down 2,100 (Table A-16). These amounted to 3.3 percent, 9.9 percent and 5.4 percent decreases respectively from third quarter 2001, but all three industries have improved from the second quarter of 2002.

Several other industries showed negative job growth in the third quarter of 2002 compared to the same period in 2001. Jobs declined in Manufacturing (-2.2 percent, Table A-8); Communication (-6.3 percent, Table A-10); Utilities (-2.9 percent, Table A-11); and Wholesale Trade (-1.4 percent, Table A-13).

Private sector jobs increased in Construction, 4.9 percent (Table A-7); Finance, Insurance and Real Estate, 0.9 percent (Table A-14); Health Services, 2.3 percent; Business Services, 1.4 percent (Table 1); and Agriculture, 8.8 percent (Table A-20). Jobs increased in all three government sectors in the third quarter of 2002. Federal government jobs rose 1.0 percent from the third quarter of 2001 (Table A-17), State government jobs increased by 2.5 percent (Table A-18), and local government jobs increased by 0.9 percent (Table A-19).

**Table A-5. TOTAL WAGE AND SALARY JOBS**

<i>Year</i>	<i>First Quarter</i>	<i>Second Quarter</i>	<i>Third Quarter</i>	<i>Fourth Quarter</i>	<i>Annual</i>
<b>Number of Jobs</b>					
1982	410,650	412,700	409,850	409,450	410,700
1983	413,450	414,750	419,700	421,700	417,400
1984 1/	419,600	425,750	422,300	426,300	422,900
1985	429,750	434,200	438,200	442,500	436,150
1986	442,700	445,750	448,950	457,450	448,700
1987	461,900	469,500	469,750	480,900	470,500
1988	480,150	486,600	487,250	498,150	488,050
1989	504,700	512,800	514,150	528,800	515,100
1990	528,850	537,950	536,150	548,700	537,950
1991	546,750	546,650	546,250	555,100	548,700
1992	552,300	554,000	548,350	553,700	552,100
1993	548,850	551,800	541,100	548,150	547,450
1994	543,450	546,050	538,900	548,300	544,200
1995	543,100	543,150	533,350	540,900	540,150
1996	538,400	538,850	533,350	541,950	538,150
1997	539,700	540,200	533,850	541,100	538,700
1998	537,000	540,450	535,550	542,350	538,800
1999	535,300	541,950	540,750	552,950	542,750
2000	550,250	559,850	557,600	569,200	559,200
2001	561,900	565,050	559,100	557,800	560,950
2002	555,250	559,800	553,300	(NA)	(NA)
<b>Percentage Change from the Same Period in Previous Year</b>					
1982	-1.3	-1.5	-1.5	-1.1	-1.4
1983	0.7	0.5	2.4	3.0	1.6
1984 1/	1.5	2.7	0.6	1.1	1.3
1985	2.4	2.0	3.8	3.8	3.1
1986	3.0	2.7	2.5	3.4	2.9
1987	4.3	5.3	4.6	5.1	4.9
1988	4.0	3.6	3.7	3.6	3.7
1989	5.1	5.4	5.5	6.2	5.5
1990	4.8	4.9	4.3	3.8	4.4
1991	3.4	1.6	1.9	1.2	2.0
1992	1.0	1.3	0.4	-0.3	0.6
1993	-0.6	-0.4	-1.3	-1.0	-0.8
1994	-1.0	-1.0	-0.4	0.0	-0.6
1995	-0.1	-0.5	-1.0	-1.3	-0.7
1996	-0.9	-0.8	0.0	0.2	-0.4
1997	0.2	0.3	0.1	-0.2	0.1
1998	-0.5	0.0	0.3	0.2	0.0
1999	-0.3	0.3	1.0	2.0	0.7
2000	2.8	3.3	3.1	2.9	3.0
2001	2.1	0.9	0.3	-2.0	0.3
2002	-1.2	-0.9	-1.0	(NA)	(NA)

NA Not available.

Quarterly averages are computed by the Hawaii State Department of Business, Economic Development & Tourism from the Hawaii State Department of Labor & Industrial Relations monthly rounded data

1/ Quarterly data contain monthly unrevised numbers.

Source: Hawaii State Department of Labor & Industrial Relations.

## B. INCOME AND PRICES

Personal income continued to grow at a moderate rate during the second quarter of 2002 (the period for which the latest data are available from the Bureau of Economic Analysis) measured over the second quarter of 2001. Transfer payments and other labor income showed the highest rates of increase followed by wages and salaries; proprietors' income; and dividends, interest, and rent. There were year-to-year quarterly increases in earnings for most industries, but Manufacturing; Transportation and Public Utilities; and Retail Trade showed decreases (Table B-1).

Nominal personal income, not adjusted for inflation, rose \$1.4 billion or 3.9 percent in the second quarter of 2002 compared to the second quarter of 2001 (Table B-2). The wage and salary component grew by about 650 million dollars or 3.3 percent in the second quarter of 2002 (Table B-3). Wages and salaries accounted for about 56 percent of personal income.

Other labor income, consisting of employer payments to retirement plans, private group health insurance plans, private workers compensation plans, and other such benefits, increased by 260 million dollars or 8.7 percent in the second quarter of 2002 compared to 2001 (Table B-4).

Proprietors' income, the income most closely related to entrepreneurial activity,

grew by \$79 million or 2.8 percent in the second quarter of 2002 compared to the second quarter of 2001 (Table B-5).

Dividends, interest, and rent rose by \$110 million or 1.6 percent in the second quarter of 2002 (Table B-6). Transfer payments, consisting largely of retirement and medical payments, grew by \$380 million or 8.8 percent for the quarter (Table B-7).

Private sector earnings increased across most industries. In dollar terms, the largest increases came in Services followed by Finance, Insurance and Real Estate and Construction (Table B-1). Earnings declined by 1.2 percent in Manufacturing; by 4.8 percent in Transportation and Public Utilities; and by 1.2 percent in Retail Trade. Earnings increased by 9.1 percent in the public sector, largely as a result of the 14.3 percent increase in the State and local government component.

The increases in personal income are enhanced by the low rate of inflation which exists in the Hawaii economy. The Honolulu consumer price index rose by only 1.1 percent in the first half of 2002 compared to the same period in 2001 (Table B-9). This was lower than was expected for Honolulu and also somewhat lower than the 1.3 percent inflation experienced on the Mainland during the period.

**Table B-1. PERSONAL INCOME FOR HAWAII BY MAJOR SOURCES**

[In Millions of Dollars at Seasonally Adjusted Annual Rates]

Series	Annual average 2000	Second Quarter 2001	Annual average 2001	First Quarter 2002	Second Quarter 2002	To Second Quarter 2002 From		Annual average
						Second Quarter 2001	First Quarter 2002	2001 from 2000
PERSONAL INCOME	34,308	35,411	35,510	36,556	36,807	3.9	0.7	3.5
Earnings By Place of Work	24,838	25,627	25,682	26,499	26,614	3.9	0.4	3.4
Wage and salary disbursements	19,270	19,835	19,885	20,469	20,482	3.3	0.1	3.2
Other labor income	2,851	2,992	3,009	3,200	3,253	8.7	1.7	5.6
Proprietors' income	2,717	2,800	2,788	2,830	2,879	2.8	1.7	2.6
Farm proprietors' income	2	-1	-1	0	-4	300.0	(NA)	(NA)
Nonfarm proprietors' income	2,716	2,801	2,789	2,830	2,883	2.9	1.9	2.7
Dividends, interest, and rent	6,751	6,891	6,895	6,893	7,001	1.6	1.6	2.1
Transfer payments	4,088	4,324	4,372	4,675	4,704	8.8	0.6	6.9
Less: Pers. cont. for social insur.	1,370	1,432	1,438	1,511	1,512	5.6	0.1	5.0
Earnings By Industry	24,838	25,627	25,682	26,499	26,614	3.9	0.4	3.4
Farm Earnings	184	184	186	195	197	7.1	1.0	1.1
Nonfarm Earnings	24,654	25,443	25,496	26,304	26,417	3.8	0.4	3.4
Private Earnings	17,336	17,962	17,902	18,209	18,255	1.6	0.3	3.3
Ag. serv., forestry, fishing & oth	154	157	159	162	160	1.9	-1.2	3.1
Mining	27	26	27	29	29	11.5	0.0	-0.9
Construction	1,477	1,515	1,525	1,557	1,614	6.5	3.7	3.3
Manufacturing	739	773	772	759	764	-1.2	0.7	4.4
Transport. and public utilities	1,961	1,993	1,981	1,849	1,897	-4.8	2.6	1.0
Wholesale trade	873	884	874	884	909	2.8	2.8	0.1
Retail trade	2,831	2,921	2,900	2,854	2,886	-1.2	1.1	2.4
Finance, insur., and real estate	1,922	1,980	1,985	2,314	2,082	5.2	-10.0	3.3
Services	7,352	7,713	7,680	7,801	7,914	2.6	1.4	4.5
Gov't and gov't enterprises	7,319	7,481	7,594	8,094	8,162	9.1	0.8	3.8
Federal	4,356	4,550	4,527	4,762	4,810	5.7	1.0	3.9
Federal, civilian	1,953	1,992	1,970	2,022	2,051	3.0	1.4	0.9
Military	2,403	2,558	2,557	2,740	2,759	7.9	0.7	6.4
State and local	2,963	2,931	3,068	3,333	3,351	14.3	0.5	3.5

NA Not available.

Source data for 2001Q1 to 2002Q1 have been revised.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, State Quarterly Personal Income,  
October 24, 2002 <<http://www.bea.gov/bea/regional/sqpi/>> and calculations by the Hawaii State  
Department of Business, Economic Development & Tourism.

**Table B-9. HONOLULU and U.S. CONSUMER PRICE INDEX,  
ALL URBAN CONSUMERS (CPI-U)  
[1982-84=100]**

Period	U.S.	Honolulu								
		All Items	Food & Beverages	Housing	Apparel & Upkeep	Transportation	Medical Care	Recreation 1/	Educ. & Comm. 1/	Other Goods & Services
1992	140.3	155.1	148.5	161.7	114.2	147.4	182.6	(NA)	(NA)	189.0
1993	144.5	160.1	152.9	166.5	116.5	150.5	197.4	(NA)	(NA)	200.1
1994	148.2	164.5	153.4	171.6	118.7	156.4	206.0	(NA)	(NA)	209.6
1995	152.4	168.1	156.8	174.7	117.5	162.4	209.8	(NA)	(NA)	216.8
1996	156.9	170.7	156.6	176.8	118.5	167.0	215.0	(NA)	(NA)	226.5
1997	160.5	171.9	159.2	177.1	117.3	166.2	217.3	(NA)	(NA)	239.0
1998	163.0	171.5	159.1	176.0	112.2	162.5	226.1	100.8	99.1	256.1
1999	166.6	173.3	162.9	175.8	105.4	162.2	231.3	101.9	104.5	275.6
2000	172.2	176.3	164.8	177.9	103.5	169.6	239.8	102.8	106.5	279.7
2001	177.1	178.4	169.5	179.1	101.0	174.5	2/	101.6	104.6	289.3
1995H1	151.5	166.9	156.5	173.4	118.1	160.0	207.8	(NA)	(NA)	214.4
H2	153.2	169.4	157.1	176.0	116.9	164.9	211.8	(NA)	(NA)	219.2
1996H1	155.8	170.5	156.9	176.8	120.0	166.3	214.9	(NA)	(NA)	220.6
H2	157.9	171.0	156.3	176.8	116.9	167.7	215.0	(NA)	(NA)	232.4
1997H1	159.9	172.1	159.4	177.3	119.8	167.8	215.6	(NA)	(NA)	232.5
H2	161.2	171.8	159.0	177.0	114.8	164.6	219.1	(NA)	(NA)	245.5
1998H1	162.3	172.0	160.0	176.3	116.4	163.2	222.5	101.4	98.9	254.3
H2	163.7	171.0	158.2	175.7	108.0	161.8	229.8	100.3	99.3	258.0
1999H1	165.4	172.7	162.4	175.5	106.0	162.3	231.0	101.3	102.6	273.9
H2	167.8	173.8	163.5	176.0	104.9	162.0	231.5	102.5	106.4	277.3
2000H1	170.8	175.9	165.5	177.3	104.5	167.7	235.9	103.1	107.3	277.5
H2	173.6	176.7	164.1	178.5	102.6	171.5	243.8	102.6	105.6	281.9
2001H1	176.6	178.1	168.3	178.8	99.7	176.0	246.1	102.1	103.5	287.5
H2	177.5	178.7	170.7	179.3	102.3	173.0	2/	101.1	105.8	291.1
2002H1	178.9	180.1	172.3	180.5	106.2	171.7	2/	99.9	106.9	299.1
Percentage Change from the Same Period in Previous Year										
1992	3.0	4.8	1.8	5.8	3.3	5.8	6.6	(NA)	(NA)	7.6
1993	3.0	3.2	3.0	3.0	2.0	2.1	8.1	(NA)	(NA)	5.9
1994	2.6	2.7	0.3	3.1	1.9	3.9	4.4	(NA)	(NA)	4.7
1995	2.8	2.2	2.2	1.8	-1.0	3.8	1.8	(NA)	(NA)	3.4
1996	2.9	1.5	-0.1	1.2	0.9	2.8	2.5	(NA)	(NA)	4.5
1997	2.3	0.7	1.7	0.2	-1.0	-0.5	1.1	(NA)	(NA)	5.5
1998	1.6	-0.2	-0.1	-0.6	-4.3	-2.2	4.0	(NA)	(NA)	7.2
1999	2.2	1.0	2.4	-0.1	-6.1	-0.2	2.3	1.1	5.4	7.6
2000	3.4	1.7	1.2	1.2	-1.8	4.6	3.7	0.9	1.9	1.5
2001	2.8	1.2	2.9	0.7	-2.4	2.9	2/	-1.2	-1.8	3.4
1995H1	2.9	2.1	3.2	1.8	-0.8	2.6	1.6	(NA)	(NA)	3.3
H2	2.6	2.2	1.2	1.9	-1.1	5.2	2.1	(NA)	(NA)	3.5
1996H1	2.8	2.2	0.3	2.0	1.6	3.9	3.4	(NA)	(NA)	2.9
H2	3.1	0.9	-0.5	0.5	0.0	1.7	1.5	(NA)	(NA)	6.0
1997H1	2.6	0.9	1.6	0.3	-0.2	0.9	0.3	(NA)	(NA)	5.4
H2	2.1	0.5	1.7	0.1	-1.8	-1.8	1.9	(NA)	(NA)	5.6
1998H1	1.5	-0.1	0.4	-0.6	-2.8	-2.7	3.2	(NA)	(NA)	9.4
H2	1.6	-0.5	-0.5	-0.7	-5.9	-1.7	4.9	(NA)	(NA)	5.1
1999H1	1.9	0.4	1.5	-0.5	-8.9	-0.6	3.8	-0.1	3.7	7.7
H2	2.5	1.6	3.4	0.2	-2.9	0.1	0.7	2.2	7.2	7.5
2000H1	3.3	1.9	1.9	1.0	-1.4	3.3	2.1	1.8	4.6	1.3
H2	3.5	1.7	0.4	1.4	-2.2	5.9	5.3	0.1	-0.8	1.7
2001H1	3.4	1.3	1.7	0.8	-4.6	4.9	4.3	-1.0	-3.5	3.6
H2	2.2	1.1	4.0	0.4	-0.3	0.9	(NA)	-1.5	0.2	3.3
2002H1	1.3	1.1	2.4	1.0	6.5	-2.4	(NA)	-2.2	3.3	4.0

Data on U.S. CPI are released monthly and Honolulu CPI, twice a year in February and August for the half (H) year previous.

NA Not available.

1/ New indexes as of January 1998. Base period is December 1997. The former "Entertainment" index has been discontinued.

2/ No data were available or data did not meet U.S. Bureau of Labor Statistics' publication criteria.

Source: U.S. Bureau of Labor Statistics, <<http://stats.bls.gov>>, Fax-on-Demand (415) 975-4567, and Information (415) 975-4350.

BLS Public Access: <<http://146.142.4.24/labjava/outside.jsp?survey=cu>> accessed August 16, 2002.

BLS Hono CPI News Releases, <<http://stats.bls.gov/special.requests/sanfrancisco/cpihono.htm>> accessed August 16, 2002.



## C. TAX REVENUES

State general fund tax revenues increased in the third quarter of 2002 over the third quarter of 2001, reversing the trend of declines in the first and second quarters. A substantial increase in general excise and use tax collections offset the continued slide in net individual income tax and net corporate income tax.

Tax revenues distributed to the State general fund were up 4.0 percent for the third quarter of 2002 over the third quarter of 2001 (Tables C-1 and C-2). Year-to-date (the first three quarters of 2002), total general fund revenues were down 3.8 percent from the comparable period in 2001.

It is likely that some of the year-to-date revenue decrease can be attributed to the increased filing thresholds for withholding, GET, transient accommodations (TAT), and rental motor vehicle and tour vehicle surcharge tax returns granted by Act 8 of the 2001 Special Session. The Tax Department estimated that Act 8 would allow 38,000 GET taxpayers, 8,000 withholding taxpayers, and 2,700 TAT taxpayers to file less frequently.

During the third quarter of 2002, GET revenues increased by 16.4 percent over the third quarter of 2001 (Table C-3). The \$473 million GET total was the most ever collected in a single quarter. Three of the GET tax base categories increased in the third quarter. Contracting was up by 35.9 percent (Table C-16), the Services tax base increased 13.2 percent (Tables C-15), and the Hotel Rentals tax base showed a 6.3 percent increase (Table C-17). The Retailing Tax base was the only GET category to decline. It fell 1.9 percent (Table C-14).

Revenues from the individual income tax decreased 8.0 percent in the third quarter

of 2002 over the same quarter in 2001 (Table C-4). Net individual income tax revenue is the sum of four components. The overall decline was the result of a decline in all three payment categories and an increase in refunds. The largest component, Withholding Tax on Wages, decreased by 2.9 percent (Table C-7) compared to the third quarter of 2001, Declaration of Estimated Taxes decreased 9.1 percent (Table C-5), and Payment with Returns decreased by 2.1 percent (Table C-6). A 59.8 percent increase in Refunds further contributed to the reduction in individual income tax collections (Table C-8).

Net corporate income tax revenue decreased by 62.0 percent in the third quarter of 2002 compared to the year-earlier quarter (Table C-9). This reflects a 28.6 percent decrease in Declaration of Estimated Taxes - Corporate (Table C-10) and a 2.5 percent decrease in Payment with Returns - Corporate (Table C-11). These declines were compounded by a 20.7 percent increase in Refunds (Table C-12).

TAT revenue increased 7.3 percent in the third quarter of 2002 (Table C-13). This increase is related both to a rise in the average daily visitor census, which was up 6.3 percent in the third quarter of 2002, (Table D-1) and an improvement in average room revenue per available room.

The current projection of the State General Fund by the Council on Revenues (COR), as of September 6, 2002, is for a 6.1 percent increase in fiscal 2003 over fiscal 2002. This projection is for lower fiscal 2003 general fund revenues than were forecast by the COR in May 2002.

**Table C-1. GENERAL FUND TAX REVENUES AND MAJOR COMPONENTS**

Year		General Excise and Use Tax	Net Individual Income Tax 1/	Net Corporate Income Tax 2/	Tax Revenues Distributed to State General Fund
In Thousands of Dollars					
1990		1,250,203	743,114	86,269	2,246,752
1991		1,287,819	1,174,144	70,568	2,397,289
1992		1,299,814	922,206	42,737	2,523,670
1993		1,308,797	951,405	22,239	2,555,912
1994		1,347,945	1,003,480	34,228	2,672,291
1995		1,386,684	918,811	37,336	2,614,713
1996		1,469,766	995,456	51,243	2,799,972
1997		1,433,012	985,000	55,594	2,756,621
1998		1,436,654	1,093,241	50,112	2,889,291
1999		1,454,731	1,053,858	47,692	2,841,290
2000		1,611,446	1,080,371	67,650	3,067,622
2001		1,660,764	1,100,317	48,269	3,172,251
2000	1 Qtr.	422,222	247,130	17,358	765,790
	2 Qtr.	393,873	278,567	36,696	787,612
	3 Qtr.	400,698	285,983	9,985	774,265
	4 Qtr.	394,653	268,692	3,610	739,955
2001	1 Qtr.	436,888	265,833	17,932	825,236
	2 Qtr.	407,800	284,311	29,265	818,204
	3 Qtr.	406,543	289,424	11,224	789,091
	4 Qtr.	409,533	260,749	-10,152	739,719
2002	1 Qtr.	395,795	266,388	18,655	761,922
	2 Qtr.	400,462	255,030	25,751	757,798
	3 Qtr.	473,241	266,331	4,267	820,290
Percentage Change from the Same Period in Previous Year					
1991		3.0	21.2	-18.2	6.7
1992		0.9	2.4	-39.4	5.3
1993		0.7	3.2	-48.0	1.3
1994		3.0	5.5	53.9	4.6
1995		2.9	-8.4	9.1	-2.2
1996		6.0	8.3	37.2	7.1
1997		-2.5	-1.1	8.5	-1.5
1998		0.3	11.0	-9.9	4.8
1999		1.3	-3.6	-4.8	-1.7
2000		10.8	2.5	41.8	8.0
2001		3.1	1.8	-28.6	3.4
2000	1 Qtr.	14.3	3.6	133.7	11.6
	2 Qtr.	7.8	0.8	40.6	7.0
	3 Qtr.	7.6	2.9	-29.3	5.2
	4 Qtr.	13.5	3.0	8704.9	8.3
2001	1 Qtr.	3.5	7.6	3.3	7.8
	2 Qtr.	3.5	2.1	-20.3	3.9
	3 Qtr.	1.5	1.2	12.4	1.9
	4 Qtr.	3.8	-3.0	-381.2	0.0
2002	1 Qtr.	-9.4	0.2	4.0	-7.7
	2 Qtr.	-1.8	-10.3	-12.0	-7.4
	3 Qtr.	16.4	-8.0	-62.0	4.0

These series represent data as reported by the Hawaii State Department of Taxation, without adjustment

1/ Declaration of estimated taxes, plus payments with returns, plus withholding tax on wages, less refunds.  
Individual income tax rates changed effective January 1, 1999, 2001 and 2002.

2/ Declaration of estimated taxes, plus payments with returns, less refunds.

Source: Hawaii State Department of Taxation.

## D. TOURISM

In the third quarter of 2002, Hawaii's visitor industry continued its recovery from the effects of the September 11, 2001 attacks. Both the number of visitor arrivals and the average daily visitor census were up from the third quarter 2001. These quarterly increases resulted from the large increases that occurred in September 2002 compared with the reduced visitor levels of September 2001. Hotel occupancy rates also showed improvement for the quarter.

The number of visitor arriving by air was up 2.4 percent in the third quarter of 2002 from the third quarter of 2001 (Tables D-1 and D-2). This is about 40,000 more visitors than in the third quarter of 2001.

The overall quarterly increase was produced by a healthy increase in domestic arrivals. The number of travelers on domestic flights increased by 6.8 percent, while arrivals on international flights fell by 6.2 percent comparing the third quarter of 2002 to the third quarter of 2001 (Tables D-3 and D-4).

When the different major market areas are compared, the positive influence again comes from the domestic markets. The greatest increase was from the U.S. West that increased by about 47,000 visitors or 7.3 percent from the third quarter 2001 to the third quarter 2002 (Table D-5). Arrivals from the U.S. East were also up, increasing 3.6 percent or a little over 13,000 (Table D-6).

Visitors from Japan continued to decrease. In the third quarter of 2002, arrivals

from Japan were down by over 35,000 or by 8.1 percent from the third quarter of 2001 (Table D-7). Visitor arrivals from Japan have been declining for several years already as a result of the recession in the Japanese economy and the weakening Yen. That decline was accelerated by the events of September 11, 2001.

Average daily visitor census numbers followed the same pattern as visitor arrivals in the third quarter of 2002. For domestic visitors, those arriving on flights from U.S. mainland airports, average daily visitor census was up 9.7 percent, but it was down 3.5 percent for international visitors (Tables D-9 and D-10). This produced an increase in total visitor census of 6.3 percent (Table D-8). The average daily census reflects both arrivals and length of stay. Average length of stay increased slightly for domestic visitors and international visitors in the third quarter (DBEDT Monthly Visitor Statistics).

Hotel occupancy rates rose slightly from 70.3 percent in the third quarter of 2001 to 72.4 percent in the third quarter of 2002 (Table D-11).

Readers interested in reviewing visitor statistics on a monthly basis can find them at <http://www.hawaii.gov/dbedt/monthly/index.html>.

Readers interested in reviewing the most recent daily passenger arrival data can find them at <http://www.hawaii.gov/dbedt/special/index.html>.

**Table D-1. VISITOR ARRIVALS AND AVERAGE DAILY VISITOR CENSUS - BY AIR**

Year		Visitor Arrivals 1/			Average Daily Visitor Census		
		Total	Domestic	International	Total	Domestic	International
1990		6,723,531	4,315,161	2,408,370	154,517	113,066	41,450
1991		6,518,460	4,068,508	2,449,952	147,323	105,686	41,637
1992		6,473,669	3,791,945	2,681,724	152,249	106,589	45,660
1993		6,070,995	3,570,059	2,500,936	147,498	100,430	47,068
1994		6,364,674	3,813,279	2,551,395	156,630	107,904	48,726
1995		6,546,759	3,743,474	2,803,285	157,098	105,649	51,450
1996		6,723,141	3,794,113	2,929,028	158,297	106,404	51,892
1997		6,761,135	3,890,798	2,870,337	157,187	108,019	49,168
1998		6,595,790	4,014,140	2,581,650	157,389	112,068	45,320
1999		6,741,037	4,255,621	2,485,416	164,439	117,998	46,441
2000		6,948,595	4,446,936	2,501,659	168,637	123,441	45,196
2001		6,303,790	4,224,321	2,079,469	158,247	118,106	40,141
2000	1 Qtr.	1,720,922	1,070,247	650,675	175,797	124,638	51,158
	2 Qtr.	1,739,432	1,165,262	574,171	164,816	125,173	39,642
	3 Qtr.	1,818,701	1,159,909	658,792	171,435	126,075	45,360
	4 Qtr.	1,669,539	1,051,518	618,021	162,537	117,911	44,626
2001	1 Qtr.	1,715,088	1,079,787	635,301	176,954	126,606	50,348
	2 Qtr.	1,673,990	1,129,578	544,413	159,596	120,781	38,816
	3 Qtr.	1,647,050	1,091,324	555,726	162,674	119,887	42,787
	4 Qtr.	1,267,662	923,632	344,030	134,185	105,365	28,821
2002	1 Qtr.	1,533,603	1,042,005	491,598	162,109	122,194	39,915
	2 Qtr.	1,574,301	1,110,727	463,574	154,044	120,823	33,220
	3 Qtr.	1,686,817	1,165,399	521,418	172,847	131,546	41,301
Percentage Change from the Same Period in Previous Year							
1991		-3.1	-5.7	1.7	-4.7	-6.5	0.5
1992		-0.7	-6.8	9.5	3.3	0.9	9.7
1993		-6.2	-5.9	-6.7	-3.1	-5.8	3.1
1994		4.8	6.8	2.0	6.2	7.4	3.5
1995		2.9	-1.8	9.9	0.3	-2.1	5.6
1996		2.7	1.4	4.5	0.8	0.7	0.9
1997		0.6	2.5	-2.0	-0.7	1.5	-5.2
1998		-2.4	3.2	-10.1	0.1	3.7	-7.8
1999		2.2	6.0	-3.7	4.5	5.3	2.5
2000		3.1	4.5	0.7	2.6	4.6	-2.7
2001		-9.3	-5.0	-16.9	-6.2	-4.3	-11.2
2000	1 Qtr.	1.9	4.7	-2.4	0.7	3.8	-6.3
	2 Qtr.	7.6	10.1	2.9	8.7	10.9	2.4
	3 Qtr.	1.1	2.5	-1.3	1.0	3.6	-5.4
	4 Qtr.	2.0	0.8	4.2	0.4	0.5	0.0
2001	1 Qtr.	-0.3	0.9	-2.4	0.7	1.6	-1.6
	2 Qtr.	-3.8	-3.1	-5.2	-3.2	-3.5	-2.1
	3 Qtr.	-9.4	-5.9	-15.6	-5.1	-4.9	-5.7
	4 Qtr.	-24.1	-12.2	-44.3	-17.4	-10.6	-35.4
2002	1 Qtr.	-10.6	-3.5	-22.6	-8.4	-3.5	-20.7
	2 Qtr.	-6.0	-1.7	-14.8	-3.5	0.0	-14.4
	3 Qtr.	2.4	6.8	-6.2	6.3	9.7	-3.5

1/ Staying overnight or longer.

Source: Hawaii State Department of Business, Economic Development & Tourism.

**Table D-11. HOTEL OCCUPANCY RATE**

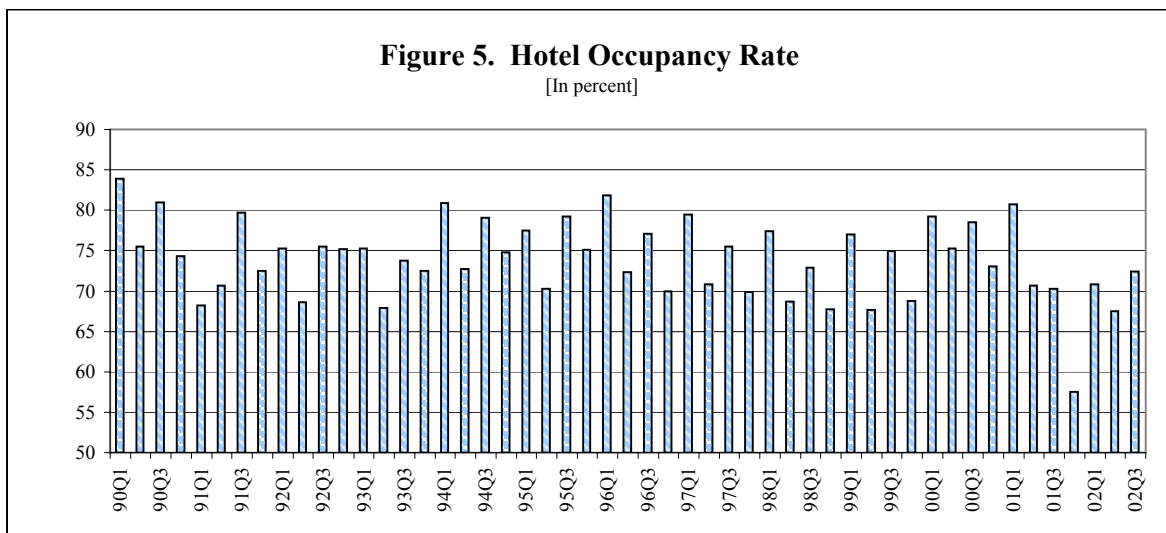
Year	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Annual
In Percent					
1982	79.0	65.9	70.9	66.7	70.4
1983	75.2	68.1	71.7	66.5	69.7
1984	84.0	75.6	74.6	75.1	76.0
1985	88.1	69.1	75.0	72.5	76.1
1986	87.0	78.8	79.9	76.8	81.7
1987	88.0	77.1	82.1	77.8	81.1
1988	81.7	75.1	81.3	75.1	78.5
1989	85.9	73.9	81.0	75.7	79.0
1990	83.9	75.5	81.0	74.3	78.8
1991	68.2	70.7	79.7	72.5	72.4
1992	75.3	68.6	75.5	75.2	72.7
1993	75.3	67.9	73.8	72.5	72.0
1994	80.9	72.7	79.1	74.8	76.5
1995	79.5	70.3	79.2	75.1	75.8
1996	81.9	72.3	77.1	70.0	75.2
1997	79.5	70.8	75.5	69.9	73.9
1998 1/	77.4	68.7	72.9	67.7	71.5
1999 1/	77.0	67.7	75.0	68.7	72.1
2000 1/	79.2	75.2	78.5	73.1	76.0
2001 1/	80.7	70.7	70.3	57.5	70.7
2002	70.8	67.5	72.4	(NA)	(NA)

NA Not available.

Quarterly averages are computed by Hawaii State Department of Business, Economic Development & Tourism from PKF-Hawaii monthly averages through January 1995 and Hospitality Advisors LLC monthly averages from February 1995.

1/ 1998 - 2001 quarterly data were revised.

Sources: Hawaii State Department of Business, Economic Development & Tourism, PKF-Hawaii and Hospitality Advisors LLC.



## E. CONSTRUCTION

Indicators of Hawaii construction industry activity were generally positive in the third quarter of 2002. The contracting tax base and the value of government contracts awarded increased dramatically. Although less pronounced, private building authorizations also showed a healthy increase in the third quarter of 2002 compared to last year's third quarter level.

The contracting tax base, which measures construction activity subject to the general excise tax, increased by 35.9 percent from the third quarter of 2001 to the third quarter of 2002 (Table E-1). GET was paid on \$1,213.7 million worth of construction in the third quarter of 2002.

Government contracts awarded were up a substantial 126.1 percent from the third quarter of 2001 to the third quarter of 2002 (Table E-1). State Capital Improvement Project expenditures (CIP) were up for the third quarter by 6.6 percent over the third quarter of 2001 (Table E-11). Most of the CIP expenditure was from General Obligation bond funds, but large shares were also from Special Funds and Federal Funds.

The value of residential building permit authorizations was up 35.3 percent statewide for the third quarter of 2002 (Table E-1). The number of single family unit authorizations was up 24.2 percent (Table E-2). Multi-family units authorized were up 16.7 percent, but they account for a small share of the current residential construction market (Table E-3). Total private building permit authorizations for the State are up 18.2 percent for the third

quarter of 2002. (Beginning in the first quarter of 2002, Kauai permit-value data are only for residential.) Honolulu's total private authorizations are up by 42.3 percent from the third quarter of 2001, Hawaii County authorizations increased 8.7 percent, Maui County was down 3.2 percent and Kauai residential was down 20.1 percent (Table E-6).

Median sale price for single family and condominium resales in Honolulu both continued to increase in the third quarter of 2002 over the third quarter of 2001. Single family median value was up 12.4 percent to \$345,000 (Table E-7) and the median Honolulu condo price was up 15.7 percent to \$155,000 (Table E-8). The number of single family units resold increased by 11.2 percent (Table E-9) while the number of condo unit resales was up 29.8 percent (Table E-10).

Wage and salary jobs in the construction industry increased statewide in the third quarter compared to 2001. Construction jobs were up 4.9 percent from the third quarter of 2001 to the third quarter of 2002 (Table 1, Table A-7). Construction jobs continued to grow in all counties: Hawaii County (9.7 percent, Table 3), Kauai County (9.5 percent, Table 5), Maui County (6.9 percent, Table 4), and the City and County of Honolulu (3.0 percent, Table 2).

In the third quarter of 2002, the Honolulu Construction Cost Index for Single Family Residences increased by 5.0 percent over the third quarter of 2001 (Table E-4). The comparable index for high-rise buildings rose by 3.7 percent (Table E-5).

**Table E-1. ESTIMATED VALUE OF COMPLETED CONSTRUCTION,  
NEW PRIVATE BUILDING AUTHORIZATIONS, AND  
GOVERNMENT CONTRACTS AWARDED**

Year	Contracting tax base 1/	Private Building Authorization 4/				Government
		Total Private Authorizations	Residential 4/	Commercial & Industrial 2/	Additions & Alterations	Contracts Awarded
In Millions of Dollars						
1982	1,294.9	683.1	299.2	242.9	141.1	391.6
1983	1,353.4	685.2	296.2	203.2	185.9	275.0
1984	1,242.9	581.5	327.7	104.0	149.9	388.7
1985	1,367.7	888.9	500.1	208.8	180.1	248.9
1986	1,808.0	1,025.2	455.5	267.4	302.3	422.7
1987	2,003.1	1,161.9	507.0	344.4	310.5	370.9
1988	2,487.6	1,546.5	689.2	541.2	316.1	665.0
1989	3,112.8	1,882.4	910.7	561.8	409.9	725.2
1990	4,003.7	2,101.8	952.3	698.0	451.5	825.5
1991	4,334.1	2,151.8	1,192.0	556.2	403.7	729.4
1992	4,012.7	1,751.9	811.1	532.3	408.5	1,159.1
1993	3,803.6	1,505.4	742.1	308.0	455.3	651.8
1994	3,322.3	1,612.9	849.3	370.3	393.4	693.0
1995	3,133.5	1,531.3	745.5	368.3	417.5	490.2
1996	3,285.1	1,117.8	487.0	252.8	378.0	885.5
1997	2,944.4	1,179.2	542.5	264.5	372.2	615.6
1998	3,016.0	1,054.3	485.5	205.6	363.2	685.5
1999	2,991.2	1,320.2	628.8	306.2	385.3	584.8
2000 3/	3,613.5	1,512.6	800.1	246.2	466.2	810.9
2001 4/	3,766.4	1,585.7	882.4	329.1	374.2	715.7
1998 1 Qtr.	757.1	260.4	118.2	50.3	91.9	155.3
2 Qtr.	706.3	246.7	121.3	48.5	76.9	127.5
3 Qtr.	793.6	296.0	123.5	55.1	117.3	218.7
4 Qtr.	759.0	251.3	122.6	51.7	77.0	183.5
1999 1 Qtr.	732.1	342.9	141.6	125.0	76.3	177.3
2 Qtr.	737.0	314.3	153.4	72.4	88.5	104.6
3 Qtr.	758.1	314.1	151.1	63.9	99.0	147.1
4 Qtr.	764.0	348.9	182.6	45.0	121.4	155.8
2000 1 Qtr.	877.6	351.8	203.3	61.3	87.3	217.1
2 Qtr.	869.1	392.9	194.9	72.9	125.1	96.6
3 Qtr.	894.9	377.4	204.1	59.2	114.2	405.1
3/ 4 Qtr.	971.8	390.4	197.9	52.9	139.7	92.1
2001 1 Qtr.	920.5	362.5	186.3	96.6	79.6	178.0
2 Qtr.	918.4	423.6	234.3	77.9	111.5	175.7
3 Qtr.	893.2	421.0	256.3	68.3	96.4	113.1
4 Qtr.	1,034.3	378.6	205.6	86.3	86.7	248.9
2002 1 Qtr.	913.7	336.3	191.7	47.0	97.6	250.8
2 Qtr.	1,025.0	437.1	276.9	59.4	100.9	133.6
3 Qtr.	1,213.7	497.6	346.6	47.2	103.8	255.7

First Hawaiian Bank has discontinued compiling Government Contracts Awarded. Hawaii State Department of Business, Economic Development & Tourism has compiled preliminary estimates beginning with the fourth quarter 1997 based on data in *Building Industry*.

1/ Formerly, this category was "Value of Construction Completed", subject to revision by Hawaii State Department of Taxation.

2/ Includes hotels.

3/ Kauai County data for November consist of residential data only

4/ 2002 Kauai data available for residential only.

Source: Hawaii State Department of Taxation; county building departments; First Hawaiian Bank;  
*Building Industry Magazine* (various issues) and tabulations by Hawaii State Department of Business, Economic Development & Tourism.

**Table E-1. ESTIMATED VALUE OF COMPLETED CONSTRUCTION,  
NEW PRIVATE BUILDING AUTHORIZATIONS, AND  
GOVERNMENT CONTRACTS AWARDED - Con.**

Year	Contracting tax base 1/	Private Building Authorization 4/				Government
		Total Private Authorizations	Residential 4/	Commercial & Industrial 2/	Additions & Alterations	Contracts Awarded
Percentage Change from the Same Period in Previous Year						
1982	-19.8	-14.8	-24.9	0.9	-13.4	-8.8
1983	4.5	0.3	-1.0	-16.3	31.8	-29.8
1984	-8.2	-15.1	10.6	-48.8	-19.4	41.3
1985	10.0	52.9	52.6	100.8	20.1	-36.0
1986	32.2	15.3	-8.9	28.1	67.9	69.8
1987	10.8	13.3	11.3	28.8	2.7	-12.3
1988	24.2	33.1	35.9	57.1	1.8	79.3
1989	25.1	21.7	32.1	3.8	29.7	9.1
1990	28.6	11.7	4.6	24.2	10.1	13.8
1991	8.3	2.4	25.2	-20.3	-10.6	-11.6
1992	-7.4	-18.6	-32.0	-4.3	1.2	58.9
1993	-5.2	-14.1	-8.5	-42.1	11.5	-43.8
1994	-12.7	7.1	14.4	20.2	-13.6	6.3
1995	-5.7	-5.1	-12.2	-0.5	6.1	-29.3
1996	4.8	-27.0	-34.7	-31.4	-9.5	80.6
1997	-10.4	5.4	11.4	4.4	-1.5	-30.5
1998	2.4	-10.5	-10.5	-22.1	-2.4	11.4
1999	-0.8	25.2	29.5	48.9	6.1	-14.7
2000 3/	20.8	14.6	27.2	-19.6	21.0	38.7
2001	4.2	4.8	10.3	33.7	-19.7	-11.7
1998 1 Qtr.	10.4	0.6	33.7	-30.9	-6.0	-14.6
2 Qtr.	-9.1	-42.0	-45.1	-48.2	-30.8	4.8
3 Qtr.	8.1	11.3	-7.0	17.7	35.9	8.9
4 Qtr.	1.6	10.2	22.1	0.7	1.0	64.9
1999 1 Qtr.	-3.3	31.7	19.8	148.5	-17.0	14.1
2 Qtr.	4.3	27.4	26.5	49.2	15.1	-18.0
3 Qtr.	-4.5	6.1	22.3	16.0	-15.6	-32.8
4 Qtr.	0.7	38.8	48.9	-13.0	57.7	-15.1
2000 1 Qtr.	19.9	2.6	43.6	-51.0	14.4	22.5
2 Qtr.	17.9	25.0	27.1	0.8	41.3	-7.7
3 Qtr.	18.0	20.2	35.1	-7.4	15.4	175.4
3/ 4 Qtr.	27.2	11.9	8.4	17.6	15.1	-40.9
2001 1 Qtr.	4.9	3.0	-8.3	57.6	-8.8	-18.0
2 Qtr.	5.7	7.8	20.2	6.9	-10.9	81.9
3 Qtr.	-0.2	11.5	25.6	15.6	-15.6	-72.1
4 Qtr.	6.4	-3.0	3.9	63.3	-37.9	170.3
2002 1 Qtr.	-0.7	-7.2	2.9	-51.3	22.6	40.9
2 Qtr.	11.6	3.2	18.2	-23.7	-9.5	-24.0
3 Qtr.	35.9	18.2	35.3	-30.9	7.7	126.1

First Hawaiian Bank has discontinued compiling Government Contracts Awarded. Hawaii State Department of Business, Economic Development & Tourism has compiled preliminary estimates beginning with the fourth quarter 1997 based on data in *Building Industry*.

1/ Formerly, this category was "Value of Construction Completed", subject to revision by Hawaii State Department of Taxation.

2/ Includes hotels.

3/ Kauai data for November consist of residential data only.

4/ 2002 Kauai data available for residential only. Multi-family construction for Oahu were revised based on U.S. Census Bureau data.

Source: Hawaii State Department of Taxation; county building departments; First Hawaiian Bank; *Building Industry Magazine* (various issues) and tabulations by Hawaii State Department of Business, Economic Development & Touri



## F. OTHER INDICATORS

Hawaii bankruptcy filings declined in the third quarter of 2002 over the third quarter of 2001. This decrease continued the direction set in the first quarter of 2002 which had the first decline in bankruptcies in a year. For the second straight quarter, filings declined in all three Chapters.

The total number of bankruptcy filings decreased by 4.8 percent in the third quarter 2002 compared to the third quarter of 2001 (Table F-1).

Chapter 7 filings, the largest category, are up slightly in Hawaii from the second quarter of 2002, but they are down from the previous third quarter by 2.4 percent. Chapter 7 filings are intended to liquidate assets and discharge debt to provide the debtor with a fresh start. Individuals are allowed to keep certain exempt property while the remaining property is sold to pay creditors.

Chapter 11 filings decreased from 11 filings in the third quarter of 2001 to 4 filings

in the third quarter of 2002 for a decrease of 63.6 percent. Chapter 11 filings involve the structuring of repayment plans for companies.

Chapter 13 filings decreased 20.8 percent in the third quarter of 2002 over the third quarter of 2001. Chapter 13 bankruptcy allows debtors to work out repayment arrangements with creditors.

The decrease in Hawaii bankruptcy filings ran counter to the increase in filings for the nation as a whole. U.S. bankruptcy filings were up 11.6 percent for the third quarter of 2002 compared with the third quarter 2001. This increase made it a historic high for filings in any quarter, surpassing the previous quarter which had set the all-time high. The twelve-month period ending September 30, 2002 was the worst twelve-month period on record for U.S. bankruptcies, up 7.7 percent to 1.55 million. Quarterly U.S. bankruptcy statistics can be found at:

[http://www.uscourts.gov/Press\\_Releases/cy302bk.pdf](http://www.uscourts.gov/Press_Releases/cy302bk.pdf).

**Total Bankruptcy Filings (Chapters 7, 11, 12, and 13)**

